WEEKLY ECONOMIC REVIEW

DECEMBER 3, 2004

The U.S. economy grew by 3.9% (annualized) in the third quarter of 2004, up from a 3.3% pace in the second quarter. The acceleration in growth was due mainly to a 5.1% jump in consumer spending. Strength in consumer demand continued into October, as spending increased another 0.6%. However, retail sales data for November were disappointing, suggesting some fallout from higher energy prices.

Canada's third quarter growth came in at 3.2% (annualized), slightly below expectations. The economy ended the quarter on a weak note, recording no growth in September. The effects of a higher Canadian dollar were evident, as exports fell 0.5% due to weaker international demand, and imports rose by 3.1%. These factors contributed to a 16% decline in Canada's current account surplus in the third quarter. However, the current account surplus remained relatively high, at 3.1% of GDP.

Currency and energy market developments were also showing impacts elsewhere, as Japan's industrial output fell 1.6% in October. The drop was attributed to the effects of high oil prices and slackening overseas demand (due partly to a rising yen).

Cdn Dollar (C¢/US$)

Dec 2, 2004	84.0¢
Nov 25, 2004	84.7¢
2004-05 YTD	76.8¢

WTI Oil US$/bbl

Dec 2, 2004	$43.25
Nov 24, 2004	$49.44
2004-05 YTD	$43.44

Nymex Natural Gas C$/mcf*

January Contract

Dec 3, 2004	$8.07
Nov 24, 2004	$9.32

*estimate based on Nymex Futures Market Price

Energy prices fell back sharply this week on positive inventory reports. Prices remain high, however, with oil near $43 (U.S.) and natural gas futures at over $8 (Cdn/mcf).

Employment reports for November were disappointing. Canadian job growth stalled, with the national economy adding fewer than 5,000 jobs. Alberta's monthly employment growth was also marginal, although year-to-date job gains remain healthy, at over 34,000. The U.S. economy added just 112,000 jobs, well below the consensus forecast of 200,000.

Economic Indicators Released this Week	Reference Period	Quarter/Previous Quarter	Quarter/Previous Quarter (Annualized Rate)	Quarter/Previous Year's Quarter
Canadian GDP	3rd Quarter	0.8%	3.2%	3.3%
US GDP	3rd Quarter	1.0%	3.9%	4.0%
Current Account Balance (Canada)	3rd Quarter	-16.0%	N/A	41.6%
Employment	**November**	**Gain/Loss from Previous Month (#)**	**Year-to-date change (#)**	**Year-to-date change (%)***
Alberta		+800	+34,200	2.0%
Canada		+4,600	+278,000	1.8%
US		+112,000	+1,259,000	1.0%

Source: Statistics Canada, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics

**Year-to-date 2004 compared to the same time period in 2003. For example: January-September 2004 versus January-September 2003*